



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

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Parks and Southern Forest Operations (DNR -- Forestry and Parks)

Bill Agency

[LFB 2007-09 Budget Summary: Page 418, #4]

CURRENT LAW

Currently, DNR park staff operate 71 recreational properties open to the public, including 45 state parks, 15 state trails (another 22 trails are state owned, but locally operated and maintained), seven southern forests and four recreation areas. Operating costs for the parks system include staff costs for: (a) park managers, who supervise the daily operation of state parks; (b) park rangers, who are primarily responsible for enforcement and skilled maintenance activities; (c) park naturalists, who develop and present the educational programs offered at the parks; (d) visitor services staff; (e) maintenance personnel; and (f) a position for an outdoor skills program targeted to urban families and other non-traditional outdoor recreation groups. Limited-term and seasonal employees are also utilized extensively in the state park system.

GOVERNOR

Provide \$207,100 SEG in 2007-08 (\$18,100 forestry account and \$189,000 parks account) and \$365,200 SEG with 3.0 positions in 2008-09 (\$18,100 forestry and \$347,100 parks) for permanent staff, limited-term employees, utilities, and supplies to operate new buildings and campgrounds developed over the previous two biennia and new facilities currently being developed in the Wisconsin state park and southern forest systems.

DISCUSSION POINTS

1. Over the last five years, several new buildings have been added to upgrade parks

facilities including park entrance and visitor stations, toilet and shower buildings, accessible cabins, and shop facilities. As the new park buildings have become operational, funding has been required for routine maintenance, and for utility costs, including electricity, sewer, and fuel costs. Additionally, the Department plans to open three new park campgrounds in the 2007-09 biennium and add campsites at existing campgrounds. The new campgrounds will require ongoing repair, road maintenance, and staff services.

2. Under the bill, the parks account would have an estimated June 30, 2009, available balance of approximately \$0.5 million as shown in the following table.

Estimated Parks Account Condition Statement Under SB 40

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	\$2,701,900	\$3,090,200	\$2,192,500
Revenue	<u>13,400,000</u>	<u>13,575,000</u>	<u>13,750,000</u>
Total Available	\$16,101,900	\$16,665,200	\$15,942,500
Budgeted Expenditures	\$12,761,700	\$14,172,700	\$14,452,700
Compensation Reserves	<u>250,000</u>	<u>300,000</u>	<u>550,000</u>
Total Expenditures	\$13,011,700	\$14,472,700	\$15,002,700
Cash Balance	\$3,090,200	\$2,192,500	\$939,800
Encumbrances/Continuing Balances*	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>
Available Balance	\$2,650,200	\$1,752,500	\$499,800

*Includes amounts encumbered (committed, but not yet paid) as well as balances from certain appropriations (such as rental property maintenance and for reservation system payments) that are not available for general appropriation.

3. In addition, the Department has proposed changes to Natural Resources administrative code Chapter 45 which would add seven additional properties (six state parks and one state forest) to the list of high-demand properties for which DNR charges an additional \$3 a night for camping. The Department has also proposed increasing state trail pass fees from \$15 to \$20. DNR plans to hold several public hearings during the summer of 2007 regarding the proposed rule changes. Any proposed rule modifications would require approval from the Natural Resources Board and then be submitted for legislative review. DNR anticipates the new rule would take effect January, 1, 2008. The Department estimates that the currently proposed increases would generate increased revenues of approximately \$400,000 during the 2007-09 biennium as shown in the following table. However, given that the parks account is predicted to have a June 30, 2009 balance, the proposed fee increase would likely not be necessary to support parks account expenditures under the bill. On the other hand, given the structural imbalance in the account (2008-09 revenues of \$13.8 million with expenditures of \$15 million) increased revenues may be needed (perhaps

beginning January, 2009) to maintain budgeted expenditure levels.

DNR Estimated Revenue From Proposed Rule Changes

	<u>2007-08</u>	<u>2008-09</u>
High Demand Camping Fee	\$33,600	\$112,000
Trail Fee Increase	<u>95,300</u>	<u>158,800</u>
Total	\$128,900	\$270,800

4. Under the bill, \$207,100 in 2007-08 and \$365,200 in 2008-09 would be provided for operations for 13 state parks, two state trails, and two southern state forests, as follows:

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2007-08</u>	<u>2008-09</u>
Blue Mound	Visitor Station		
	Accessible Cabin	\$4,200	\$10,900
Buckhorn	Accessible Cabin		
	New Day Use Area	3,400	3,400
Council Grounds	Visitor Station	0	6,900
Devils Lake	Shop Building	10,000	10,000
Elroy-Sparta Trail	New Toilet Building	2,400	2,400
Hank Aaron State Trail	New Trail Miles	4,000	7,000
Harrington Beach	New Campground	41,300	124,100
Governor Thompson	Visitor Station		
	New Day Use Area		
	New Boat Area		
	Shop Building	14,300	33,300
Kettle Moraine-State Forest Northern Unit*	Toilet/Shower Building	6,600	6,600
Kohler-Andrae	New Campground	26,600	72,400
Newport	Visitor Station	7,200	7,200
Perrot	Visitor Station		
	New Toilet Building	6,100	6,100
Point Beach State Forest*	Toilet/Shower Building	11,500	11,500

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2007-08</u>	<u>2008-09</u>
Potawatomi	Pier Installation	\$4,000	\$4,000
Wildcat Mountain	Visitor Station	0	7,100
Willow River	New Campground	45,200	32,000
Yellowstone	Visitor Station		
	Toilet/Shower Building		
	Shop Building	<u>20,300</u>	<u>20,300</u>
Total:		\$207,100	\$365,200

*Forestry SEG.

6. Funds provided for facilities currently being developed would include \$41,300 in 2007-08 and \$124,100 in 2008-09 from the parks account for operations funding, 1.0 facility repair position and 1.0 ranger position for the addition of a 75-unit campground at Harrington Beach State Park, approximately 35 miles north of Milwaukee along Lake Michigan. This project is currently in the bidding stage and is expected to open in May, 2008 (construction is slated to begin in May, 2007). Harrington Beach State Park is currently one of the busiest day-use parks in the state park system, hosting more than 150,000 day-use visitors each year. Currently, 1.0 property manager is assigned to Harrington Beach. Given the park's location in an area with limited camping opportunities, the Department anticipates the new campground will be heavily utilized. It is estimated that the new campground will generate camping revenues of approximately \$42,000 in 2007-08 and \$126,000 in 2008-09. As a result of campground use, the Department anticipates an increased law enforcement workload. The Department anticipates approximately 3,000 law enforcement contacts during the year at this location. This is comparable to the law enforcement workload at Kohler-Andrae State Park, which currently has 3.75 permanent positions. In addition, the Department argues that the facilities repair worker would be necessary to handle the heightened maintenance workload as the property transitions from a day-use property to an overnight property.

7. In addition, the bill would provide \$26,600 in 2007-08 and \$72,400 in 2008-09 for operations funding with 1.0 ranger position beginning in 2008-09 for a 30-site campground addition to Kohler-Andrae State Park. The project is in the final design stage and the new facilities are expected to open in summer 2008 (with bids to be completed by summer 2007 and construction beginning in fall 2007). The park currently has 105 campsites and registers the highest occupancy rate of any DNR campground. Funding would also include additional LTE staff, supplies and services to operate and maintain the new 30-unit campground. It is estimated that the new campground will generate approximately \$84,000 in campsite fees in 2008-09. However, since this campground appears unlikely to open before July, 2008, \$26,600 in 2007-08 could be deleted from the bill (Alternative #2).

8. The bill would also provide \$45,200 in 2007-08 and \$32,000 in 2008-09 for

facilities currently being developed for Willow River State Park near Hudson, which will include a Visitor Center, roads, 78 new campsites, and toilet-shower facilities. The expansion is still in the design stage, and the new facilities may open in 2009. The park currently has a 72-site campground, which is one of the busiest campgrounds in the state park system. While it is possible that the campground could open in 2009, the Department is not projecting new revenues over the 2007-09 biennium due to the necessity of re-designing the campground to facilitate the additional sites. Funding would be provided for LTE clerical, maintenance, and law enforcement support and for supplies and services (electricity, water, sewer, and vehicle fleet).

9. It could be argued that, as the expansion at Willow River State Park is still in the design stage and the new facilities are not expected to open until 2009, at the earliest, additional operations funding may not be necessary for that park in the 2007-09 biennium. Under this alternative (#2), if the facilities were to open before mid-2009, the park would be required to operate using existing resources until the 2009-11 budget.

10. Alternatively, if some facilities were to open prior to July, 2009, it is possible that some additional operations funding could be necessary in order to maintain the current level of visitor services. This could include operations and additional LTEs to handle the increased visitors and maintenance of the new visitor center. Under this alternative, funding of \$16,000 could be provided in 2008-09 for Willow River State Park (Alternative #3).

11. Parks staff indicate that it has become increasingly difficult to provide a minimum level of services due to budget reductions over the past three biennia. Parks has implemented a number of approaches to integrating reductions into their budgets including: (a) no property is allowed to use LTEs between November 1 and March 31 of any calendar year without prior approval by the Department; (b) property managers have reduced their supervisory and public relations work in order to perform the work that was previously performed by LTEs, and (c) interpretive services have been reduced across the parks system. If no funding is provided under the bill, parks staff indicate that this could require further reductions in parks services, such as interpretive programs, in order to support these new facilities.

ALTERNATIVES TO BILL

1. Adopt the Governor's recommendation to provide \$207,100 in 2007-08 and \$365,200 with 3.0 positions in 2008-09 to operate existing and new facilities in the Wisconsin state park and southern forest systems.

ALT 1	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
SEG	\$0	0.00	\$572,300	3.00

2. Adopt the Governor's recommendation, except delete \$71,800 in 2007-08 (relating to Kohler-Andrae and Willow River State Parks) and \$32,000 in 2008-09 for Willow River State Park (\$135,300 in 2007-08 and \$333,200 with 3.0 positions in 2008-09 would be provided).

	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
SEG	-\$103,800	0.00	\$468,500	3.00

3. Adopt the Governor's recommendation, except delete funding of \$71,800 in 2007-08 and \$16,000 in 2008-09 (\$16,000 would remain for Willow River State Park).

	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
SEG	-\$87,800	0.00	\$484,500	3.00

4. Delete provision. (Any additional facility operation costs would have to be reallocated from existing parks and southern forests expenditures).

	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
SEG	-\$572,300	- 3.00	\$0	0.00

Prepared by: Erin Rushmer